WIRRAL

# AUDIT AND RISK MANAGEMENT COMMITTEE

## Tuesday, 27 October 2026

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| **REPORT TITLE:** | **EXTERNAL AUDIT AND EXTERNAL ASSURANCE REVIEW RECOMMENDATIONS UPDATE** |
| **REPORT OF:** | **DIRECTOR OF FINANCE (S151 OFFICER)** |

## REPORT SUMMARY

Following its review of the Council's 2024/25 Value for Money (VFM) arrangements, Grant Thornton issued four Statutory Recommendations in relation to the Council's financial sustainability, regeneration programme risks, and Member and officer relations. The findings and recommendations were presented to and considered by Full Council on 2 March 2026.

Alongside the four Statutory Recommendations, Grant Thornton made ten Key Recommendations and one Improvement Recommendation. These findings were reported in the Auditor's Annual Report, which was presented to the Audit and Risk Management Committee on 19 February 2026.

Since the review covered the 2024/25 financial year, work has already progressed to address a number of the recommendations. This report provides Members with an update on progress made and the latest position against each recommendation.

Grant Thornton is currently undertaking its review of the Council's 2025/26 Value for Money (VFM) arrangements. As part of this process, the auditor will follow up on the recommendations made in its 2024/25 review and assess the progress achieved to date.

In May 2026, CIPFA completed an External Assurance Review of the Council, commissioned by the Ministry of Housing, Communities and Local Government following the Council's request for Exceptional Financial Support. The review considered financial management and processes; financial sustainability and risk; service reform, delivery, and transformation; and governance, culture, and leadership.

The review made twenty recommendations, with implementation timescales ranging from immediate action to March 2027. There is significant overlap between the findings of the External Assurance Review and Grant Thornton's 2024/25 Value for Money review, particularly in relation to financial sustainability, regeneration, capital affordability, governance, and organisational capacity. The CIPFA recommendations are either fully or substantially addressed through existing audit recommendations, management actions and associated transformation, governance, and regeneration programmes. The CIPFA

External Assurance Review is included at Appendix 3, and the Council is coordinating the monitoring of related actions to support a consistent approach and avoid duplication.

This report provides an update on progress against the recommendations arising from Grant Thornton's 2024/25 Value for Money review and demonstrates the linkages with CIPFA's External Assurance Review.

There are no direct ward implications, and the report is not a key decision.

**RECOMMENDATIONS**

The Audit and Risk Management Committee is requested to:

1. Note the progress made against Grant Thornton's recommendations arising from its review of the Council's 2024/25 Value for Money arrangements; and

2. Note the CIPFA External Assurance Review, and the linkages with the progress against the external audit recommendations and management actions.

## SUPPORTING INFORMATION

## 1.0 REASON/S FOR RECOMMENDATION/S

1.1 The Annual Audit Report is a key component of the independent external audit process. In response to significant matters identified during its review, the External Auditor exercised its powers under Section 24 and Schedule 7(2) of the Local Audit and Accountability Act 2014 to issue four Statutory Recommendations to the Council.

1.2 Given the significance of the recommendations made by Grant Thornton and CIPFA, it is appropriate that the Committee receives regular progress updates. This supports transparency, Member oversight and effective monitoring of the actions being taken to strengthen the Council's financial sustainability, governance, service delivery, and organisational capacity.

1.3 Full Council agreed on 2 March 2026 that implementation of the management actions associated with the Statutory Recommendations would be monitored by the Policy and Resources Committee, with progress updates provided to the Audit and Risk Management Committee.

## 2.0 OTHER OPTIONS CONSIDERED

2.1 An alternative option would be not to provide the Committee with an update on progress against the audit and CIPFA recommendations. However, this would reduce transparency, limit Member oversight and assurance of the improvement activity being undertaken and would not support the agreed governance arrangements for monitoring the external reviews.

## 3.0 BACKGROUND INFORMATION

### Grant Thornton Value for Money Review and Auditor's Annual Report

3.1 Grant Thornton undertook their annual audit of the Council's 2024/25 financial reporting and activities. These reviews are intended to give assurance to both Members, residents, and external stakeholders that the Council's financial activities have been appropriately reported in its Accounts.

3.2 On the 9 February 2026 the Council received Grant Thornton's Auditor's Annual Report, including four statutory recommendations issued under section 24 schedule 7 of the Local Audit and Accountability Act 2014. They are reserved for more significant audit matters, as they are required to be sent to the Secretary of State for Ministry of Housing, Communities and Local Government (MHCLG) and must be considered at a public meeting of the Council within one month of the recommendations being sent to the Council.

3.3 Grant Thornton's Auditor's Annual Report for the year ending 31 March 2025 was presented to this Committee on 19 February 2026 and has since been made available alongside the accounts on the Council's website.

3.4 The auditors assess our arrangements under three areas within the Annual Audit Report:

1. Financial Sustainability - how the Council plans and manages its resources to ensure it can continue to deliver its services.
2. Governance - how the Council ensures that it makes informed decisions and effectively manages its risks; and
3. Improving economy, efficiency, and effectiveness - how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

3.5 The report made four Statutory Recommendations, ten Key Recommendations and one Improvement Recommendation, and concluded that significant weaknesses existed across all three Value for Money assessment areas. The report is included in Appendix 1 and includes the Council's agreed management actions against each recommendation.

3.6 The report was received towards the end of 2025/26, and detailed management action plans have been in place, with named action owners and target completion dates in order to present a clear operating framework for the intended improvement activities. Good progress has been made during the first half of 2026/27, and the Council has continued to strengthen its arrangements whilst addressing the findings set out in the report.

3.7 Appendix 2 provides an update on progress against the agreed management actions for each of Grant Thornton's recommendations. It sets out the recommendations, the original management actions previously reported to this Committee, and the current position, expected implementation dates and next steps. Grant Thornton will review progress against its 2024/25 recommendations as part of its 2025/26 Value for Money review, with the outcome to be reported in the 2025/26 Auditor's Annual Report, which is expected to be brought to the next Committee meeting.

**CIPFA External Assurance Review**

3.8 Following the Council's request for Exceptional Financial Support for the financial year 2026/27, MHCLG commissioned CIPFA to undertake an External Assurance Review of the Council's financial resilience, financial management, governance arrangements, capital programme, debt position, and service delivery. The review was undertaken during April and May 2026, with the final report published by MHCLG on 18 August 2026.

3.9 The review considered four principal areas:

1. Quality of financial management and financial processes.
2. Financial sustainability and risk.
3. Service delivery, reform, and transformation; and
4. Governance, culture, and leadership.

3.10 CIPFA concluded that the Council was in a serious but potentially recoverable financial and governance position. The review recognised that formal frameworks

were in place but identified the need to strengthen delivery, control, and oversight across a number of high-risk areas.

3.11 CIPFA made twenty recommendations across financial management, financial sustainability, transformation, service delivery, governance and organisational culture. The review recognised that a number of these recommendations overlap directly with actions already being progressed through the Council's response to the External Auditor's statutory and key recommendations, together with the Regeneration Review Action Plan. The review specifically notes that recommendations relating to regeneration controls, capital receipts, capital affordability and commercial exposure are already addressed through existing action plans.

3.12 A review of the recommendations arising from CIPFA's External Assurance Review has been undertaken against the management actions agreed in response to Grant Thornton's 2024/25 Auditor's Annual Report. This assessment concluded that the creation of a separate stand-alone CIPFA improvement programme would not represent the most effective or efficient approach. A separate programme would introduce additional governance, reporting and administrative arrangements whilst covering many of the same activities already being monitored through established improvement plans, transformation governance, budget recovery arrangements, service improvement programmes and the External Auditor recommendation tracker. The Council's approach is therefore to maintain a single integrated improvement framework, supported by clear mapping of each CIPFA recommendation to an existing programme of work, responsible officer and governance route.

3.13 To provide transparency and assurance, Appendix 4 sets out the Council's assessment of each CIPFA recommendation, identifies where recommendations are already addressed through existing action plans and highlights any additional activity required. This approach ensures that all recommendations remain visible and accountable whilst avoiding unnecessary duplication of reporting and governance arrangements. Progress will continue to be reported through the Audit and Risk Management Committee as part of the Council's wider external assurance and improvement reporting arrangements.

3.14 The CIPFA External Assurance Review, which sets out the review methodology, key findings and recommendations, is attached at Appendix 3.

## 4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from this report. The cost of the previously presented audit report is part of the audit fee and variations to that fee for additional work are notified to the Council. The contracted audit fee was previously approved by the Audit and Risk Management Committee.

4.2 Total external audit fees for 2024/25 were £533,747. In addition to the scale fee set by Public Sector Audit Appointments (PSAA), this included £35,000 for additional Value for Money (VFM) work, £12,500 relating to additional VFM significant risks, and £2,500 associated with the issuance of the Statutory Recommendations, which is recoverable by the external auditor under Schedule 7(2)(4) of the Local Audit and Accountability Act 2014. These fees were reviewed and approved by management

and reported to Members as part of Grant Thornton's Audit Plan for Wirral Council on 24 June 2026. The costs were anticipated and provided for within the 2025/26 outturn and therefore have no impact on the 2026/27 revenue position.

4.3 The External Assurance Review was commissioned by the Ministry of Housing, Communities and Local Government as a condition associated with the Council's Exceptional Financial Support. There are no direct additional financial implications.

4.4 Implementation of individual management actions may have financial or resource implications. These will be assessed and reported through the relevant decision-making, budget-setting, and monitoring arrangements. Successful implementation of the recommendations is intended to strengthen the Council's financial sustainability, governance, and delivery arrangements.

## 5.0 LEGAL IMPLICATIONS

5.1 There are no legal implications identified.

## 6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 None arising directly from this report.

## 7.0 RELEVANT RISKS

7.1 Failure to address the recommendations made by Grant Thornton and CIPFA could adversely affect the Council's financial sustainability, governance, Value for Money arrangements, service delivery, and reputation. It could also increase the risk of further external intervention or adverse external audit findings.

7.2 There is also a risk that overlapping recommendations are managed separately, resulting in duplication or inconsistent reporting. The Council will therefore coordinate the monitoring of related actions and provide a consolidated view of progress where appropriate.

## 8.0 ENGAGEMENT/CONSULTATION

8.1 None arising directly from this report.

## 9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

9.2 There are no equality implications arising specifically from this report. The files attached may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact Shaun Allen if you would like these documents in an accessible format.

## 10.0 ENVIRONMENT, BIODIVERSITY AND CLIMATE CHANGE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

## 11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth.

## 12.0 CRIME AND DISORDER IMPLICATIONS

12.1 The content and/or recommendations contained within this report have no direct implications for crime and disorder.

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**APPENDICES**
Appendix 1 – Auditor's Annual Report Year ending 31 March 2025.
Appendix 2 – 2024/25 External Audit Recommendations Update.
Appendix 3 – Wirral Council External Assurance Review 2026.
Appendix 4 – CIPFA Recommendation Mapping and Delivery Arrangements

**BACKGROUND PAPERS**
Grant Thornton Auditor's Annual Report 2024-25
Statement of Accounts 2024-25
Grant Thornton External Audit Plan 2024-25
CIPFA, Wirral Council External Assurance Review, May 2026

**TERMS OF REFERENCE**
This report is being considered by the Audit and Risk Management Committee in accordance with Sections (E) and (F) of its Terms of Reference.

**SUBJECT HISTORY (last 3 years)**

| Council Meeting | Date |
|---|---|
| Audit & Risk Management Committee: | |
| 2024/25 Statement of Accounts & external audit report | 19 February 2025 |
| 2023/24 External Annual Audit Report | 25 January 2025 |
| Statement of Accounts 2023/24 | 25 January 2025 |
| Statement of Accounts 2023/24 | 22 October 2024 |
| Draft Statement of Accounts 2023/24 | 31 July 2024 |
| Wirral Council External Audit Plan 2023/24 | 31 July 2024 |
| External Annual Audit Report 2022/23 | 26 March 2024 |
| External Audit Progress Report | 15 January 2024 |
| 2022/23 Statement of Accounts 2022/23 | 12 December 2023 |
| External Auditors Annual Audit report 2021/22 | 12 December 2023 |